



CITY OF AUSTIN

OFFICE of the CITY AUDITOR

FY 2000-2001 Accomplishments

"We make Austin City Government better and more accountable"



OFFICE OF THE CITY AUDITOR

Fiscal Year 2000-2001 Accomplishments

Mission: We make Austin City Government better and more accountable - helping to ensure a City government that is efficient, effective, ethical, and accountable to the citizens of Austin.



City Auditor's Role:

- Provide information to support Mayor and Council decision making
- Be a force for positive changes in City policies/programs/systems
- Establish accountability for meeting Council and citizen expectations

Services: To carry out our mission, the Office of the City Auditor (OCA) delivers four distinct services to the Mayor, Council, and City management. Our services include:

- Audits
- Investigations
- Quick Response
- Assistance

We also continue to strengthen our internal service delivery structure to help build capacity for providing these services and to better measure our results.

Key Results:

Performance Results FY 2001	Target	Actual
Council customer satisfaction (overall)	3.3	3.3
Council customer satisfaction with the extent to which OCA has addressed significant City issues	3.0	3.2
Council customer satisfaction with contribution to improved accountability	3.0	3.4

(All customer satisfaction scores are on a 1-4 scale.)

Accomplishment Highlights:

External Initiatives – Solidifying Mayor and Council Relations

- Involved Mayor and Council Members during critical stages of major projects to obtain input before the completion of audit work. Also solicited increased Council input on annual service planning.
- Strengthened proactive communication with Council and City management on sensitive audit and investigative issues.
- Facilitated routine reporting of departmental action plans in response to audit recommendations, for improved Council monitoring of progress made.
- Improved availability of OCA staff to Mayor and Council Members through Quick Response and Assistance.

OFFICE OF THE CITY AUDITOR

Fiscal Year 2000-2001 Highlights

Audit Services

Performance Results FY 2001	Target	Actual
Percent of recommendations from previous three years that were reported implemented	75.0%	92.0%
Number of audit reports completed	12	13

Audits resulted in action plans presented by management to resolve findings and make improvements:

- **Environmental Health Services:** We found that a significant number of food establishments were operating without permits or with expired permits, establishments were not inspected frequently enough, and follow-up did not ensure that violations were corrected. Also, the enforcement system did not make repeat violations progressively more costly to establishments. Recommendations focused on improved training, measuring performance of inspectors, and establishing a fee structure that would fund the activity and provide greater incentives for establishments to voluntarily comply with regulations.
- **Fleet Maintenance and Repair:** We determined that Fleet's service delivery levels needed improvement in order to meet industry standards in all five areas measured: availability, reliability, economy, environmental responsibility, and customer service management. We also found that Fleet was unable to routinely generate reliable and accurate information with which to manage its maintenance and repair processes.
- **Workforce Issues:** We found that the length of time to fill vacancies varied significantly among City departments and exceeded comparable benchmarks, and that costs related to the acquisition of new hires should be better tracked. We also identified the need to conduct more thorough screening of candidates to verify credentials and references, to identify candidates at high risk of turnover, and to establish goals for reducing turnover of new hires.
- **Employee Safety – Citywide, EMS, Parks and Recreation, and Solid Waste Services Departments:** We found that the City lacked an infrastructure that set employee safety as a corporate priority with requisite goals, strategies, and measures to gauge performance. Further, departmental management was not held accountable for employee safety, and incentives were lacking to encourage employees to work in accordance with safety standards or "best practice" guidelines. We conducted detailed testing in three departments that had high injury rates and high costs related to injuries on the job and found that a stronger safety oversight function was needed in each department and for the City as a whole.
- **Follow-Up Audits – Customer Information System, Street Cuts Management, and Transportation Strategies:** We obtained evidence to verify whether reported management actions met the intent of the recommendations issued. In nearly all instances, we verified management's reported actions. However, in the Transportation Strategies follow-up, we were unable to verify that more attainable alternative transportation goals had been established or that the Austin Police and Public Works departments had collaborated to analyze and reduce accidents involving pedestrians and bicyclists.

Investigations

Performance Results FY 2001	Target	Actual
Percent of cases investigated to completion where accountability action occurs	60.0%	60.3%
Dollar impact (savings, recoveries, restitutions, etc.)	\$260,000	\$849,405

Investigative activity resulted in the following:

- **Cases:** 63 cases investigated to completion and 17 cases of completed assistance to other agencies.
- **Recoveries:** \$650,474 identified as anticipated fees due to the City and restitution/disallowed costs resulting from investigative work.
- **Outcomes:** A variety of outcomes resulted from our investigative work: personnel actions (including employee separations), improved internal controls to mitigate risk of future violations, improved information integrity and reporting, and evidence to support successful prosecution of wrongdoing.
- **Oversight:** Established a Management Integrity Committee to provide joint oversight with management of investigation issues within the City.

OFFICE OF THE CITY AUDITOR
Fiscal Year 2000-2001 Highlights

Quick Response Services

Performance Results FY 2001	Target	Actual
Customer satisfaction with quality of response	3.0	3.8
Number of responses provided	20	8
Number of requests	24	7

Upon request, we performed eight limited scope reviews to provide real-time information for decision making. Issues addressed included the following:

- **Health Costs Associated with Poor Air Quality:** Costs in Austin were estimated to exceed \$100 million annually, with up to 75 percent of ground level ozone in Austin attributable to vehicle emissions, highlighting the need for proper vehicle maintenance.
- **Use of the General Fund:** Uses of the General Fund for the last five fiscal years were summarized and apportioned to each City department, taking into account changes and reorganizations in the City structure.
- **Cultural Arts Contracts:** The review found that the funding allocation process was slightly improved and better documented, but the fundamental process (application, selection criteria, and funding allocation) was determined by the Arts Commission and essentially unchanged.
- **Austin Energy Bad Debt:** The review of the process for estimating bad debt at Austin Energy revealed that the utility had consistently exceeded budgeted bad debt from FY 1998 to FY 2000 and had not issued cut-off notices for 14 of the past 24 months, due to billing problems and extreme weather.
- **SCIP II:** The review of the SCIP II/Anderson Hill Redevelopment Project highlighted ongoing delays in establishing affordable housing units and put current project phases and schedules in perspective with earlier project plans.
- **Ullrich Water Line Repair:** Controls were reviewed for adequacy to prevent future water line breaks in the City's new six-inch water line to the Ullrich facility.

Assistance Services

Performance Results FY 2001	Target	Actual
Customer satisfaction that previously agreed-to results were achieved from assistance projects	3.0	4.0
Number of assistance products delivered as specified in assistance agreements	15	16

With respect to assistance, service highlights were as follows:

- **Business Plan Reviews:** We partnered with the City Budget Office to review business plans for 26 City departments. These reviews focused on interpreting the measured results from the prior year and using performance information to realign resources for strengthened service delivery.
- **Assistance to the Aviation Department:** We assisted the Aviation Department in establishing an internal audit function and assessing revenue risks and limited-scope operational risks for development of an internal audit service plan. We also provided support in developing a parking procedures manual and evaluating parking controls. In addition, we assisted with Quick Response verification of leasehold improvement invoices from tenants, and we made suggestions to strengthen the department's process for verifying improvements.
- **Follow-Up Resolution:** We developed a revised follow-up resolution, clarifying the roles of management and audit.

OFFICE OF THE CITY AUDITOR
Fiscal Year 2000-2001 Highlights

Internal Capacity Improvements – Rebuilding the Audit Office

Performance Results FY 2001	Target	Actual
OCA employee job satisfaction, shared vision and values, and commitment to the City – Percentage positive responses in the Listening to the Workforce Survey (composite)	> 74%	81%
Employee turnover rate	14%	16.9%

Highlights:

- **Staffing:** Fully staffed the audit office, recruiting a highly experienced Deputy City Auditor and filling vacancies with experienced auditors and investigators, while improving employee retention and reducing turnover from the prior fiscal year.
- **Training:** Intensified formal auditor and investigator training, including a renewed emphasis on obtaining credentials.
- **Support:** Re-engineered the office's Administrative Support Services to better support service delivery.
- **Policies:** Updated and developed needed policies, including audit and investigation policies, training plans and oversight, and flextime and telecommuting policies.
- **Employee Satisfaction:** Improved results from 2001 Listening to the Workforce Survey indicating increased employee satisfaction and commitment to the City.

Leadership and Professional Development

Highlights:

- City Auditor appointed by Comptroller General of the United States to serve on the National Advisory Council on Government Auditing Standards.
- City audit staff served as Chair and Vice Chair of the Institute of Internal Auditors' (IIA) International Government Relations Committee, Chair of the IIA Certified Government Auditing Professional (CGAP) Steering Committee, President-Elect and members of the Board of Governors of the Austin IIA Chapter, and a member of the State Auditor's Internal Audit Training Committee.
- Served as speakers or moderators at conferences sponsored by the Institute of Internal Auditors/Association of Government Auditors (IIA/AGAAGA), the National Association of Black Accountants, and the Southwest Intergovernmental Audit Forum. Provided training on government performance auditing, accountability, and measurement.
- Participated in peer reviews of the City of Ft. Worth (TX) Internal Audit and the Montgomery County (MD) Office of the Inspector General.
- Enhanced office credentials by earning three CGAPs, one Certified Fraud Examiner (CFE), and one Certified Information Systems Auditor (CISA).
- Co-authored a textbook on *Performance Auditing: A Measurement Approach* and co-authored an article on the evolving roles for auditors in the government performance measurement in the *Local Government Auditing Quarterly*.
- Deputy City Auditor recognized by the IIA for making significant contributions to the CGAP certification study guide.

OFFICE OF THE CITY AUDITOR

Fiscal Year 2000-2001 Projects

Scheduled Audits

Environmental Health Services
Fleet Maintenance and Repair Program
Impact of Vehicle Preventive Maintenance on the City's Air Quality Initiative
Workforce Issues
Employee Safety: Citywide
Employee Safety: Emergency Medical Services
Employee Safety: Parks and Recreation
Employee Safety: Solid Waste Services
Six-Month Follow-Up: October 2000 and April 2001
Street Cuts Management Audit Follow-Up
Customer Information System Follow-Up
Transportation Strategies Follow-Up
Underway: Parks Maintenance, Traffic Signal Synchronization, Affordable Housing

Quick Response Requested Reviews

Health Costs of Poor Air Quality
Use of the General Fund
Cultural Arts Contracts
Austin Energy Bad Debt Cost
SCIP II (Scattered Cooperative Infill Housing Program)
Ullrich Water Line Repair
ABIA Leasehold Improvement Verification
Hybrid Electric Vehicles Cost Benefit

Assistance Projects

Business Plan Review III
ABIA Internal Audit Function: Hiring, Charter, Policies, Training, and Quality Assurance
ABIA Revenue Risk Assessment
ABIA Limited-Scope Operational Risk Assessment
ABIA Parking Controls and Procedures Manual
Follow-Up Resolution
APD Aviation Unit Performance Measures
Ethics Training at New Employee Orientation
Review of Procedures and Analysis of the City's Annual Citizen Survey
OCA Performance Accountability System
Underway: Boards and Commissions Taskforce

Internal Capacity Improvements

Re-engineering of Administrative Support Services
Improvements in audit and investigation policies, training,
and flextime and telecommuting policies.
Performance Accountability System conversion
LAN and Workstation conversions

OCA's Fraud, Waste, and Abuse Hotline: (512) 478-1101

For additional copies of this FY 2001 Accomplishments Report, please call (512) 974-2805
or visit our website at www.ci.austin.tx.us/auditor



Printed on Recycled Paper